



## OVERBERG BOTTOM LINE

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### THIS WEEK'S BOTTOM LINE

This week we look at “Six Essential Skills Leaders Need in the Digital Age.”

**INTRODUCTION:** Transforming an organisation starts with transforming its leaders. Data collected from 1,700 executives by Linda Hill, Professor of Business Administration at Harvard, and three colleagues, reveals the most important skills and traits leaders need to lead in the digital age. Below is a short synopsis of their findings.

**SKILL #1: BE A CATALYST, NOT A PLANNER:** In the digital era, companies face a more dynamic competitive environment. The speed and complexity of technological change require digital transformations to be more severe than other forms of corporate change. Planning is not good enough. Leaders need to catalyse, create, and change rather than plan for it. That means creating the initial conditions for the organisation to achieve its ambitions and guiding their company through a process of continual learning. Continuous improvement is not negotiable.

It won't be easy. Those who rely on traditional strategic thinking will be less at ease with new evolving factors to which they must respond. Leaders will be blindsided if they rely only on their past experiences or expertise when making decisions. Lateral thinking i.e., thinking “outside the box,” is required by them.

**SKILL #2: TRUST AND LET GO:** In today's world, vision and strategy are still essential, but the ability to orchestrate collective action - co-creation instead of archaic top-down strategies - has never been more important. It is about inviting employees to share in decision-making. It is about creating a culture of psychological safety where people feel safe to take risks and act without fear of being intimidated or ridiculed. It's also about earning trust from and offering trust to increasingly diverse stakeholders outside of the organisation and collaborating with them in new ways. It's important to shake the old command-control model and let go - communicate the purpose and values - and empower others to execute.

**SKILL #3: BE AN EXPLORER:** With so much changing around them, leaders must be explorers. An explorer searches with an ambition in mind: What questions must they answer to lead their businesses today and tomorrow? Where might they find the answers? The best explorers leave the office. Too often leaders “live in a bubble.” Explorers go beyond their organisations and their usual experiences and relationships to figure out how the future might unfold. They realise and accept the limits of their knowledge and actively seek out the views of people with different lived experiences and perspectives. Leaders must stay humble. Leaders should have the humility to ask questions and learn from in-house experts. Leaders must be familiar enough with emerging technologies to ask the right questions about opportunities, risks, and legal and ethical danger zones.

**SKILL #4: BE COURAGEOUS:** Leaders need to learn to experiment, iterate, and pivot themselves if their organisations are going to be able to thrive. To get comfortable with the inevitable missteps



and unconfirmed hypotheses of experimentation, leaders need a new attitude toward risk. Eschewing opportunities just to avoid failure is perhaps the riskiest position of all in the digital economy. In a fast-moving world with more risks than ever - cybersecurity, reputational risks, pandemics, social crises - executives need courage to make big bets.

Executives often don't feel psychologically safe, given the pressure they face from their boards and investors. However, if they want their employees to learn to live with the risk profile necessary for breakthrough ideas (as opposed to incremental choices) they must model what it means to act with courage and conviction, identifying as many risks as they can and collaborating with their colleagues to mitigate them, while also having the fortitude to make hard decisions and move forward. Leaders must go from trying to have all the answers, to being comfortable with being uncomfortable.

**SKILL #5: BE PRESENT:** Leaders should recognise just how complex and demanding work has become for employees in the digital era. Employees are expected to take on more risk as they experiment and innovate, and experience new human-technology interactions. The best leaders stay present and emotionally engaged, communicating openly and authentically. During times of upheaval, these executives are adept storytellers. Storytelling has never been so critical to leading. Authentic conversations go a long way toward engaging employees and fostering ownership. Data and visualisation tools can bring more power to a leader's message - illustrating what, how, and why for their decisions. Savvy storytelling can align diverse stakeholders around a shared narrative about how digital transformation will help the company pursue its purpose.

**SKILL #6: LIVE VALUES WITH CONVICTION:** Many employees will resist changing their mindsets, behaviours, and skills unless they appreciate the value of doing so; leaders need to be clear about not just WHAT they're doing, but WHY they're doing it. It's a complicated balance. Leaders need agility and courage to adapt to unfolding circumstances, but they also need determination and discipline to move a company toward digital maturity.

**SUMMARY:** As much as leaders must be open to new ideas and changing circumstances - those without a sense of purpose will struggle. Diverting resources from core businesses to fund more speculative projects to fuel growth is fraught with uncertainty and risk. When the winds change, the sailor adjust the sails.

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